

ABOUT GROWTH

A Quarterly Publication About Growth Management

Winter 1997-98


**WASHINGTON STATE
COMMUNITY, TRADE AND
ECONOMIC DEVELOPMENT**
Building Foundations for the Future



New affordable housing selling well in old-style neighborhoods

By Bob Libolt
Vice President, Project Development,
Homestead Northwest, Inc.

In recent years, Homestead Northwest Inc., turned its attention toward the challenge of designing and building homes that are both affordable and desirable places to live. They didn't look far because they found the answer in the older neighborhoods of Lynden, the small town that is home to the company and its owners. These traditional neighborhoods, typical of most American towns, have made great places to live for generations and offer some answers to the high cost of housing we struggle with today.

Knowing the expectations of homebuyers today, Homestead blended these new designs with the charm and appeal of the 1920's bungalow including front porches and garages in the alleys. The result of this effort has been a significant demand for these new homes.

Homestead currently has neo-traditional projects in Lynden, Bellingham, Ferndale, Anacortes, and Oak Harbor, and soon in Monroe. The prices start from \$100,000 to \$120,000 depending on the location and include

fully landscaped yards. Homestead expects to sell over 200 of these homes in 1997.

Each of the neighborhoods has unique features, but they all have the same friendly streetscape. Sidewalks, street trees, and front porches are all-important elements to the theme.

The first of these projects was the Greenfield Village planned development in Lynden. Nearly 100 homes are now completed and sold in the Greenfield project which began in the summer of 1995. A three-acre park with ballfield and playground has been completed and is reminiscent of the old sandlot gathering places. Greenfield will include 240 homes and another creekside park when complete.



This new approach — to an old idea — has stretched the planning and building departments in the towns selected by Homestead for these projects. The trend had been toward

larger lots and wider streets, but by sizing down these elements Homestead has delivered a product that has a warm neighborhood scale and more affordable prices.



PHOTOS COURTESY OF HOMESTEAD NORTHWEST INC.

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Published quarterly by the Washington State Community, Trade and Economic Development, Growth Management Division, 906 Columbia St. SW, Olympia, WA 98504-8300. The division administers the state's Growth Management Act. Its role under the GMA is to assist and enable local governments to design their own programs to fit local needs and opportunities.

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Affordable housing for today's market

By Shane Hope
Managing Director, CTED Growth Management Division

During the late 1980s, housing prices soared in Washington, as did population growth. The rate of increase in housing costs is slower now, but affordability is still an issue. People want to know why housing costs have increased and what can be done about it.

Affordability depends on many factors. One is dwelling size. Average home sizes have doubled in the last 40 years, increasing costs for buyers.

The cost of lots also has gone up. When country acreage and cars were cheap, large chunks of farm and forest-land could be bought and developed with suburban tract housing at fairly modest per unit costs. Commuters bought the houses and cars, while the federal government paid for the roads. Since then, the price of country acreage and cars has increased. Federal funds are now scarce. Much of the flat land that is easy to develop near employment centers is developed.

In some cases, site development costs have increased due to neighborhood objections, permitting delays, or environmental constraints. Impact fees may add to the cost, too, but they appear to affect only a small portion of new housing. While eliminating fees may reduce the cost of lot development, someone must still pay for new schools, street improvements and sewers.

Some people assert that urban growth boundaries drive up the cost of housing because boundaries limit the amount of development that can occur in rural areas. Their theory is that urban land is in short supply and that the market responds to scarcity by increasing land prices.

However, urban growth areas in Washington are large enough to accommodate considerably more than 20 years of growth, if they are built out at planned densities.

The loss of vast amounts of farmland, forests and wildlife habitat to low-density

subdivisions has led to other financial impacts. Money spent for more pavement to build more roads has created expensive flooding and drainage problems. Money that would have been generated from the land's natural resource use no longer contributes to the local economy.

Too often, transportation costs are left out of the affordability discussion. Yet buying and maintaining an automobile costs an average of \$500 per month. When a family cannot rely on walking or convenient transit, but must have two or three cars to take care of basic job, school, and shopping needs, much less of the budget is available for housing.

Other factors contributing to housing cost include inflation and rapid economic growth. Currently, the Puget Sound region has one of the fastest job growth rates in the nation.

Given these facts, people want to find ways to keep housing affordable without losing quality of life.

Here are some options:

- Build on smaller lots, especially in urban areas where the infrastructure is more readily available. Design beautiful and walkable streets.
- Reduce permitting time by having good plans and regulations developed through an extensive public process to provide predictability for development. Make sure that the permit process is easy for builders to follow.
- Allow manufactured housing in single-family neighborhoods.
- Make neighborhoods walkable or transit-friendly to promote affordable living. If jobs, schools and shopping are close, many families could eliminate one car by walking and riding transit.
- Use public/private partnerships to help fund low-income housing.
- Encourage multifamily housing through tax credits in cities authorized for this program by the Legislature last year.

Well-designed and affordable housing in Washington

By Mark Hinshaw
Urban Designer

A great debate is underway on affordable housing in our state. Some builders and developers contend that the Growth Management Act is causing the price of housing to escalate well beyond the reach of most potential homebuyers.

The affordable housing problem has not been the result of the GMA, but rather trends in development and consumer expectations.

One of the major reasons is simply that houses have gotten bigger. Studies of house sizes over the years have shown an increase from an average of less than 1,500 square feet to about 2,000 square feet today. Every additional square foot has added to the price a consumer pays.

For most of the history of this country, families — sometimes large families — lived in relatively small houses on relatively small lots that ranged from 3,000 to 5,000 square feet per lot. No one suffered. Kids grew up, found places to play, explored their neighborhoods, all without having huge backyards.

While small lots such as these are not allowed in some communities due to minimum lot sizes of 7,000 to 8,000 square feet, things are changing. Communities are again allowing developers to create small houses in compact arrangements. These are aimed precisely at segments of the market that are expanding the most: seniors, singles, single-parent households and young, middle-income couples. Previously, these households had little choice but to rent an apartment or purchase a condominium.

Neighborhoods that work

Up in Lynden, the recently opened Greenfield Village looks much like a neighborhood that might have been

built at the turn of the last century. Modest, simplified Victorian homes with front porches sit closely together on narrow streets. Garages are accessible from a rear alley.

Over on Bainbridge Island, the Madison Cottages have been a raging success. So popular have these 1,200-square-foot, one-car garage-off-an-alley homes been that the developer has completed the first 22-unit group along Madison Avenue and is about to break ground on another 22 units in nearby Winslow Mews.

Architect Greg Hackworth also designed a set of small houses for development in Black Diamond.

Perhaps the most intriguing of these new, but old, developments are the homes that have been developed by HomeSight here in Seattle. At the corner of 24th Avenue East and Yesler Way is a full-block collection of finely crafted, small houses.

No wasted space

Row houses are ideal for urban neighborhoods, in that density can be accommodated without radically changing character. Carefully designed row houses can look like they are separate, even though they are not. They can be simple and affordable.

Recently, there have been a number of new developments that have reintroduced row houses into the regional marketplace.

Down in Dupont, the new community of Northwest Landing, a small clutch of row houses called Bay Colony faces the village green.

Row houses are very popular. One on Fairview Avenue East near Boston Street sold out within a few weeks. Another on Phinney Ridge was designed by Curtis McGuire, who lives in one of these row houses himself. In Bellevue, units in One Central Park on Richards Road are selling like hotcakes.

Well-designed multifamily

When higher-density housing is done right, it can enrich our neighborhoods and lives.

Despite the fact that there seem to be so few examples in Seattle of higher-density residential development designed to sensitively fit into their surroundings, there is a counter trend, one that suggests we might finally be on the way to seeing housing that respects its neighborhood and offers choices that have not been available until recently.

Several years ago, Kauri Investments built a splendid project on Fremont Avenue North, just south of Northeast 45th Street. The building provides 25 moderately priced apartments surrounding a courtyard that is recessed from the street.

On Capitol Hill, the nonprofit Housing Resources Group of Seattle, recently completed Mercer Court at the corner of Mercer and 12th Avenue. Architects Van Horne and Van Horne borrowed from forms found elsewhere in the neighborhood and created a building that looks as if it has been there for decades.

That good design can make a difference is also demonstrated by a fine development called El Patio on 14th Avenue South near South Lander Street on Beacon Hill. The architects worked with their client, El Centro de la Raza, to add features familiar to the Latino families who would live there.

This article is based on excerpts from columns by Mark Hinshaw that appeared in the *Seattle Times* on September 28, 1997; July 28, 1996; and March 31, 1996. Reprinted with permission.

Puyallup senior housing project wins three design awards

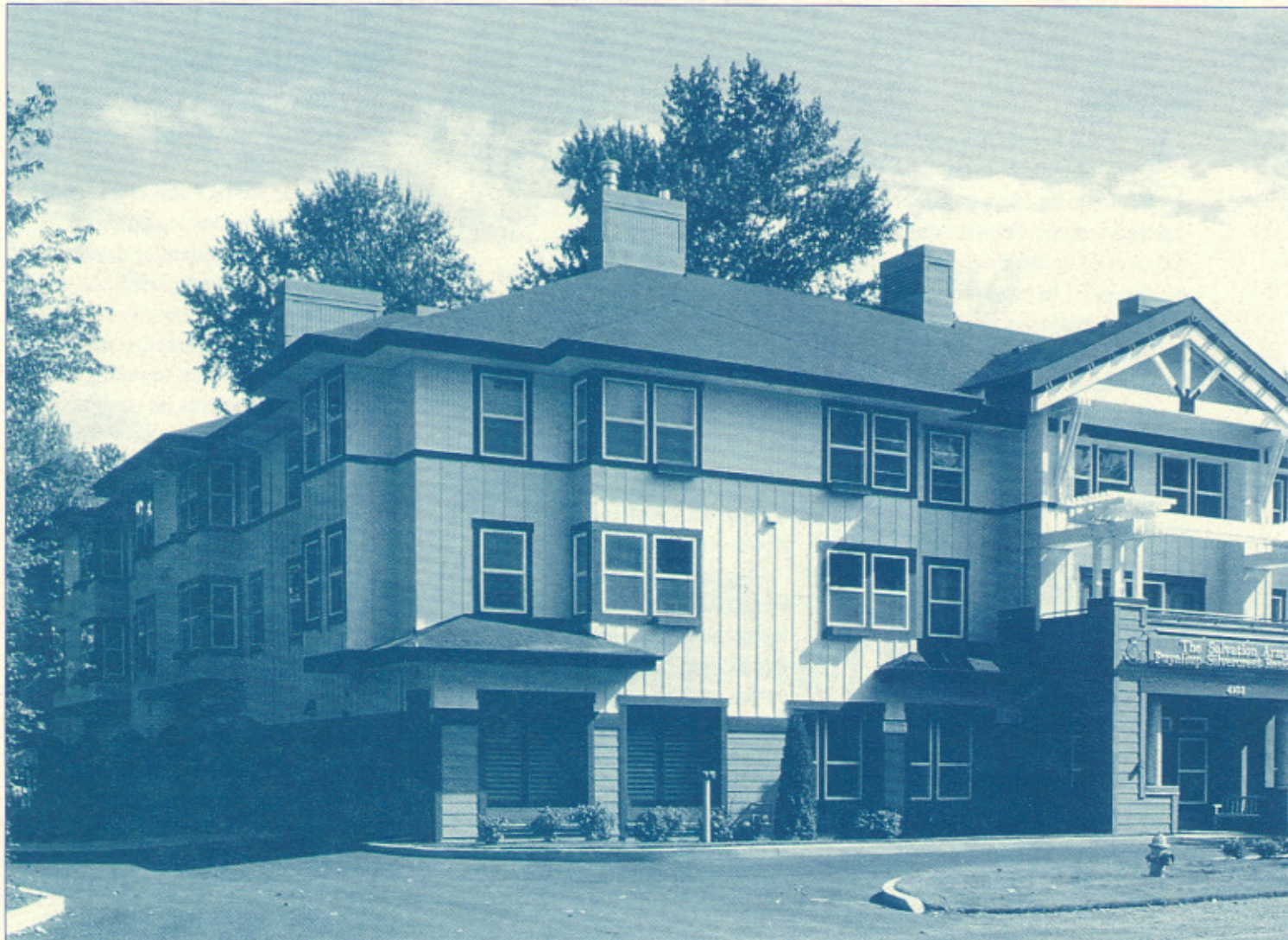


PHOTO COURTESY OF MI

New affordable housing selling well in old-style neighborhoods

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Interestingly, in Anacortes, Homestead used a century old "paper" plat with alleys and other desirable features to construct the Cypress Ridge project. The 56 homes in this neighborhood sold in one year.

It has been gratifying for this builder to provide new homes in a price range many buyers thought they might never see again. And to be able to do it in neighborhoods that look and feel great is an important part of Homestead Northwest's approach to affordable housing.

State resources for financing affordable

By John LaRocque
Acting Assistant Director, CTED Housing Division

The state's primary resource for financing affordable housing for households with incomes at or below 80 percent of the area median income is the Housing Trust Fund.

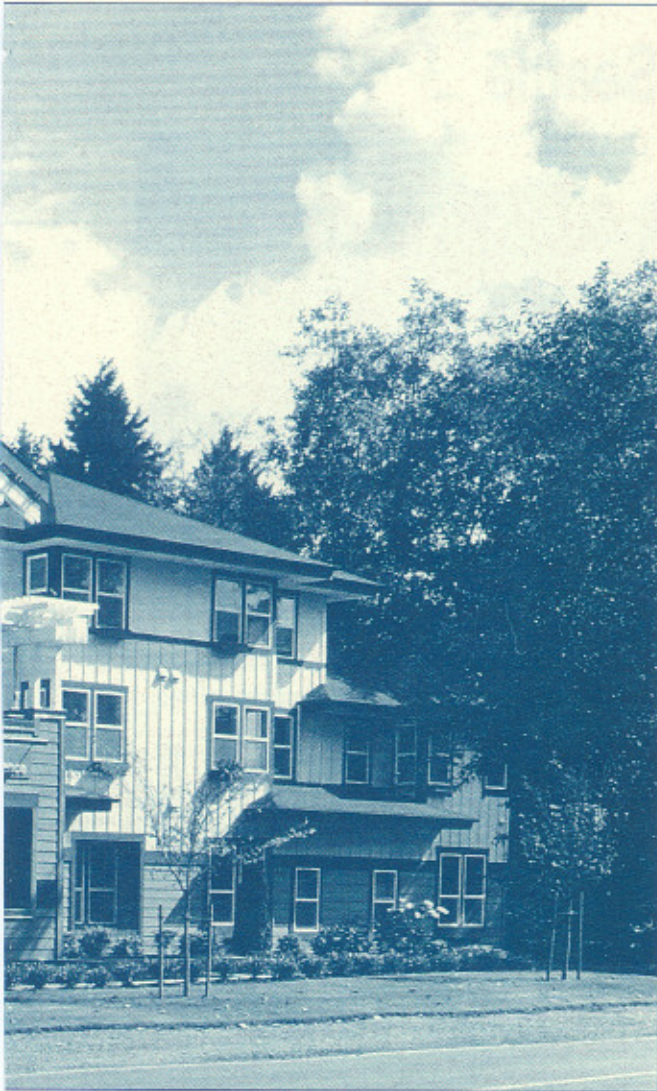
The Legislature appropriated at least \$50 million in each of the past four biennia to capitalize this housing investment program. CTED's Housing Division leverages approximately \$180 million in public and private funds to augment the state resources. Each biennium, 3,000 to 3,500 affordable homes — including apartments, single-

family houses, shelters, and mobile home parks — are built or substantially rehabilitated with these funds.

The enabling legislation lists nonprofit organizations, community action agencies, housing authorities, tribes and local governments as eligible to receive these funds to create affordable housing. The households that benefit from the housing must have incomes at or below 80 percent of the area median income.

Development in rural parts of the state is encouraged as 30 percent of the funds are targeted for these communities.

from builder and architecture organizations



CHAELE ROMIE, STICKNEY/MURPHY/ROMIE ARCHITECTS; MICHAEL PYATOK, PYATOK ASSOCIATES

The Salvation Army Puyallup Silvercrest Residence in Puyallup is a 41-unit apartment for low-income seniors. It is built on a two-acre parcel that includes a small stream and wetland.

Located on a busy arterial near a regional shopping center, Silvercrest's colorful and cheerful "country inn" profile fit height, bulk and siting requirements, as well as the historical context of the area.

The three-story building is L-shaped to create an east- and south-facing courtyard, private from the street, but oriented to the wetland. Parking is concealed on the ground level by the north wing units above.

Each apartment has a bay window to give residents light and view from several directions and includes a planter box. Each kitchen has an interior corner window facing the corridor to allow residents to monitor their entry "porches."

Designed by Stickney/Murphy/Romie Architects in association with Michael Pyatok of Pyatok Associates, the project received three 1997 design awards.

le housing

The application and selection process occurs twice each year, once in the spring and once in the fall. A Policy Advisory Team assists the division in creating policies and procedures that ensure efficient and effective use of the funds.

The program currently limits its investment to \$1 million in most projects and \$2 million in large-scale projects.

For more information, call the Housing Trust Fund at 360-586-3418.

HomeSight is making housing affordable through innovative land use strategies in Seattle



By Cindy Holmgren
Program Coordinator, HomeSight

Seattle is becoming an increasingly popular place to live.

More than 50,000 new households are expected to move here in the next 10 to 20 years, drawn by Seattle's booming economy, job opportunities and scenic surroundings.

While positive for the region as a whole, the population increase creates enormous stress on the housing market, driving house prices through the roof.

A recent *Seattle Times* article reported the current median house price was \$186,100, up 7.6 percent from last year, with real estate experts predicting a 10 to 12 percent increase in housing prices by the end of 1998.

Income levels have not kept up with this surge in the real estate market. While house prices have increased 15.6 percent between 1994-97, median income has only increased 9.3 percent over the same period.

HomeSight, a local nonprofit community development corporation, has successfully addressed this challenge through extensive homebuyer education, down payment assistance, and the development of affordably priced homes.



PHOTOS COURTESY OF HOME SIGHT

Since 1990, HomeSight has developed and sold 130 homes to modest income, first-time buyers. Development costs range from \$95,000 to \$155,000, well below the market rate. Homes follow the traditional two-story design of the surrounding community. They are located near downtown Seattle, with access to public transit and neighboring schools, parks, bike paths and shopping centers.

Key to the creation of affordable housing is effective land use. HomeSight utilizes small lots of about 2,000 to 3,000 square feet, zero-lot line homes, and clustered bungalows to achieve optimal density while maintaining single-family appearance and fee simple ownership.

Two recent developments best illustrate HomeSight's successful use of these elements.

Landes Ridge combines an innovative mix of market rate homes,

bungalows, and townhouses in a 25-unit development. The parcel covers 1.7 acres, including a critical slope.

Adjacent to that site is Heiwa Commons, an award winning 28-unit craftsman style development of two, three, and four bedroom single-family homes. The Seattle/King County Master Builders Association recognized Heiwa Commons for its achievements in community land use and affordable home design at their 1997 Awards for Market Excellence. Other improvements to the 1.8 acre parcel include installation of a water main, gas, electricity and new street with sidewalks, gutters, curbs and street lights.

HomeSight developments create a variety of housing options for households from a wide range of incomes and family sizes. The majority of HomeSight's buyers are groups underserved by the traditional housing market, including families with children and households of color.

Another crucial piece to helping modest income households become homeowners is down payment assistance loans, made possible through partnerships with CTED, local and federal sources, and the private sector. Efforts such as these ensure that despite Seattle's rapid population growth, families can still find a place to call home.

Spokane nonprofit group offers affordable housing

By Jayne Auld
Associate Director,
Northwest Regional Facilitators

Northwest Regional Facilitators is a nonprofit community development corporation founded in 1974 to help people work together to improve their communities.

In 1992, NRF created Spokane Housing Ventures to develop, own and manage affordable housing. SHV helps serve the housing needs of homeless, disabled and low-income citizens in Spokane and surrounding communities.

One of NRF's recent development efforts is Catherine Johnson Court, a 36-unit, two- and three-bedroom family apartment complex in the Spokane Valley. The property is part of NRF's and SHV's continuing goal to provide safe, stable housing for families in the community.

SHV owns and manages six housing projects that provide affordable rental units for under 180 low-income families and individuals.

NRF and SHV networked with various local agencies during construction to begin a referral list for proposed tenants. A number of homeless individuals and families were on the waiting list. Thirteen of the current tenant families came directly from shelters and transitional housing.

Tabatha, a single mom, heads one of these families. She and her three children were living in a homeless shelter before the Spokane Neighbor-

hood Action Program referred them to Catherine Johnson Court.

Their experience living at Catherine Johnson Court has been very positive, according to Tabatha. She is now enrolled in classes at New Horizons Learning Center. Her children, after becoming adjusted to their new home, are happily settled in school and daycare.

Thirteen of the current tenant families came directly from shelters and transitional housing.

"My son loves his school," Tabatha said. "My children are stable, happy and very comfortable here," she added. "This is a really nice place to live."

"Having rent I can afford and being allowed to pay the security deposit in three installments was a big factor for me," Tabatha said. "I wish there were more places like this for women who need help."

The project was designed with families in mind. Each unit is furnished with full-sized washer, dryer, stove, refrigerator, air conditioning/heating unit and dishwasher.

The complex is complete with an elevator and a large playground suitable for children with disabilities. A common room is available to all tenants for meetings, children's parties and holiday gatherings. This room can also be used for on-site training and support services for tenants.

Financing for this \$2.8 million project was provided through several

funding sources. Funding capital from the sale of low-income housing tax credits allocated by the Washington Housing Finance Commission was provided by two limited partners, Washington Mutual and Seafirst banks.

Bank of America National Trust and Savings Association provided construction and permanent mortgage loans, and Washington Housing Finance Unit administered by CTED provided deferred loan funding. The Federal Home Loan Bank of Seattle provided an Affordable Housing Program grant. The Washington Community Development Loan Fund provided predevelopment financing.

SHV owns and manages a total of six housing projects that provide affordable rental units for just under 180 low-income families and individuals.

"My son loves his school, my children are stable, happy and very comfortable here..."

These projects target housing needs for homeless adults and families, the elderly and disabled, individuals and families with mental illness, and those in treatment and recovery programs. Supportive services for tenants are coordinated and provided through a network of local human service agencies.

Affordable Housing For Great Neighborhoods

A CONFERENCE ON DEVELOPING AFFORDABLE HOUSING FOR TODAY'S MARKET

This one-day conference will show what can be done to plan and build affordable, attractive housing that will keep Washington livable.

Today's housing market presents many challenges. Land is more constrained and infrastructure is expensive to add. Rapid population growth continues. Meanwhile, people seek a sense of community, heritage and safety. They don't want to fight traffic jams to go home. Some new projects are promising better options and gaining positive market response. This conference will feature speakers who have participated in successful projects and will show their results.

Hear architect **Peter Calthorpe**, urban designer **Mark Hinshaw**, Portland's growth management services director John Fregonese and a range of Northwest builders, bankers, planners and economists discuss tools for creating new housing choices within great neighborhoods.

Friday, December 12, 1997
Seattle, Washington
Sheraton Hotel, Seattle

For more information about the housing conference contact CTED at 360-753-2222

Registration information also available through CTED's web site at

<http://www.wa.gov/cted/growth/>

Manufactured homes offer affordable new housing

Manufactured homes account for more than 20 percent of all new, single-family homes in Washington. In some rural counties like Whitman and Grays Harbor, they make up more than 50 percent of all new building permits.

The price of three-bedroom, two-bath manufactured homes starts around \$40,000. Even with land and development costs, manufactured homes are about a third less expensive than traditional, site-built housing.

Manufactured homes benefit from the cost efficiencies and quality control of factory construction. Weather and subcontractors are not a problem, and assembly line efficiencies help keep housing costs down.

"Affordability gets people interested in manufactured housing, but it's the quality of construction that makes their decision to buy," said Joan Brown, executive director for the Washington State Manufactured Housing Association.

Manufactured homes can come with all the amenities homebuyers expect, including hardwood floors and cabinetry, skylights and gourmet kitchens. They often also include unexpected bonuses, such as stone-faced fireplaces, lighted niches for

artwork or plants and the buyer's choice of window coverings.

Architectural innovations in the past few years have transformed the exterior look of many manufactured homes. Stacked windows, a variety of roof-pitch and dormer options, shingles or half-log siding, and the ability to add a third home section or a built-on garage makes these houses attractive in urban settings as country homes or as beach or mountain retreats.

Statewide, 6,257 manufactured homes were sold last year. While generally located in rural areas, an increasing number of manufactured homes are being placed in urban settings. More than 20 of the state's largest cities, such as Bellevue, Spokane, Yakima and Olympia, currently allow manufactured homes on individual lots and more will likely follow. The U.S. Department of Housing and Urban Development recently made it clear that local governments cannot discriminate against manufactured housing based solely on the fact that the homes are built to HUD, not state, building codes.

To learn more about manufactured homes, contact the Washington Manufactured Housing Association at 360-357-5650.



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